

Labour Market Notes

Employment levels off after strong first quarter

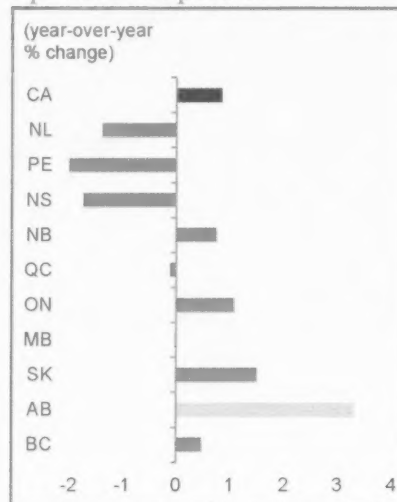
Alberta

- Employment pulls back slightly. After a strong increase in the first quarter, employment edged down slightly by 2,900 in April. The April losses were concentrated in the private (-6,700) and public (-1,500) sector employment, as self-employment increased by 5,300.
- Full-time employment drops. Employment in full-time positions dipped by 23,300 jobs, which was partly offset by higher part time employment (+20,400).
- Year-over-year job growth leads all provinces. Since April 2013, Alberta has added 72,300 jobs (+3.3%), accounting for just under half (48%) of all jobs created in Canada over this period.
- Unemployment rate drops. Alberta's unemployment rate decreased by 0.2 percentage points to 4.7% in April, after a 0.6 percentage point increase in March. The decline was the result of 7,000 people exiting the labour force.
- Service-producing industries shows vigor. Service industries gained 8,700 net new jobs, led by business, building and other support services (+16,500) and health care & social assistance (+12,500). Goods-producing industries lost a total of 11,600 jobs in April, with construction (+3,900) posting the only gain.
- Weekly earnings growth moderates. Average weekly earnings rose to \$1,128 in February, a 3.1% year-over-year (y/y) increase. This is down from the 4.5% y/y increase posted in January.

Canada

- Canada loses job. Employment decreased by 28,900 jobs in April, which reversed much of March's 42,900 gain. The largest employment losses were in accommodation and food services (-32,200), and finance, insurance and real estate (-19,400). The primary driver of Canada's employment contraction was full time jobs (-30,900). Over the past 12 months, Canada has added 149,200 jobs, amounting to only 0.8% growth.
- Unemployment rate stable. The Canadian unemployment rate was unchanged at 6.9% in March, but dropped by 0.3 percentage points from the same month last year.
- Average earnings inch up. The Canadian average weekly earnings were \$925 in February, a slight increase over January and 2.3% higher than the same month last year.
- Possible Easter distortion. Some analysts suggest job numbers could have been affected by the reference week of the Labour Force Survey, which fell on the Easter long weekend.

Employment Growth by Province,
Apr. 2014 vs. Apr. 2013



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,258,300
month-over-month change	-2,900
year-over-year % change	3.3%
Alberta Unemployment Rate (UR)	4.7%
Edmonton UR**	4.6%
Calgary UR**	5.3%
Participation Rate	72.6%
Average Weekly Earnings (AWE)	\$1,128.31
year-over-year % change	3.1%
Average Hourly Wage	\$28.28
year-over-year % change	1.7%
Job Vacancy Rate**	2.2%

Source: Statistics Canada

* All data is from the Labour Force Survey for April except AWE, which is from the February Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate is for January.

** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

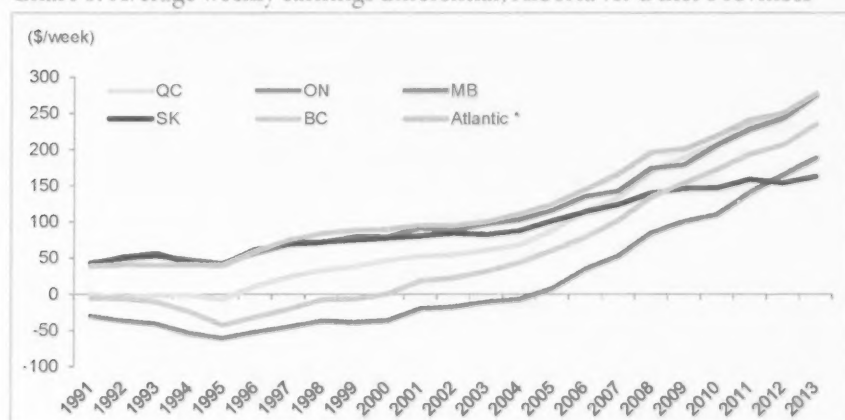
Alberta's earnings advantage explained

What accounts for Alberta's earnings advantage? The Survey of Employment, Payrolls and Hours or SEPH allows us to examine Alberta's earning premium over other provinces, and how this has changed over time. This Labour InSight shows that Alberta's earnings premium is broad-based and growing, whether compared with individual provinces or at the industry level.

Alberta's earnings premium grows

Alberta's average weekly earnings (AWE) has diverged from the Rest of Canada (RoC), and this gap continues to grow. The difference between Alberta and the RoC stood at an estimated 25.7% (or \$226 per week) in 2013, up from 4.3% (or \$29 per week) in 2003.

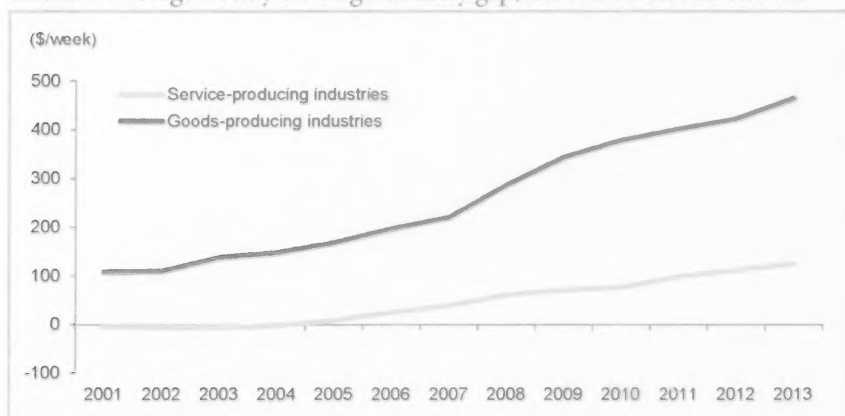
Chart 1: Average weekly earnings differential, Alberta vs. Other Provinces



Source: Statistics Canada, Alberta Treasury Board and Finance

* Weighted based on employment shares

Chart 2: Average weekly earnings industry gap, Alberta vs. rest of Canada*



Source: Statistics Canada, Alberta Treasury Board and Finance

* Weighted based on employment shares

Alberta earnings gap widens against all provinces

The gap between Alberta and all other Canadian provinces has been increasing since 1995, and especially since the mid-2000s (Chart 1). While Alberta currently has the highest AWE of all the provinces, this was not always the case. Prior to 2004, Ontario posted the highest average earnings. However, since 2005, Alberta's AWE has surpassed Ontario's earnings and widened the gap in favour of Alberta (\$188 per week in 2013). Currently, Newfoundland has the smallest differential with Alberta (\$158 per week), followed by Saskatchewan (\$162 per week).

Larger earnings gap in goods-producing industries

Across both major industry types, goods-producing and service-producing, the difference in AWE between Alberta and the RoC has been growing (Chart 2). However, in the goods industries the differential has been increasing at a faster rate and is now substantially higher. In 2013, goods industries, which comprises about a quarter of employment, had average earnings in Alberta that were 42.4% higher than the RoC. For the service industries, Alberta's earnings were 15.0% higher.

Summary

Alberta's persistently strong labour market has caused average weekly earnings in the province to diverge sharply from the rest of Canada's. This divergence is not confined to specific provinces, but reflects gains against all provinces, especially since the mid-2000s. The earnings differential between Alberta and the RoC is especially high in the goods sector.

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